

## **BILL ANALYSIS**

S.B. 531  
By: Duncan  
Insurance  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Political subdivision self-insurance funds were created and authorized by the legislature to provide affordable coverage for the variety of risks encountered by cities, counties, school districts, municipal utility districts, and other political subdivisions throughout Texas. Although these self-insurance funds provide coverage, they are not classified as insurance under the law and therefore are not regulated by the Texas Department of Insurance. Interested parties contend that because of ambiguities in some state laws, political subdivision self-insurance funds currently are unable to meet all the needs of member governmental units. S.B. 531 seeks to clarify the authority of self-insurance funds to purchase reinsurance and to provide for the satisfaction of proof of insurance coverage requirements for a governmental unit through a certificate of coverage issued by the unit's self-insurance fund.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

S.B. 531 amends the Government Code to authorize a governmental unit that establishes a self-insurance fund to purchase reinsurance for a risk covered through the fund. The bill authorizes any law, including a regulation, requiring insurance to be satisfied by coverage provided through the fund. The bill authorizes any law, including a regulation, requiring a certificate of insurance or an insurance agent's signature, countersignature, or approval to be satisfied by a certificate of coverage issued on behalf of the governmental unit demonstrating that coverage is provided through the fund.

### **EFFECTIVE DATE**

September 1, 2013.